

TAX INFORMATION BULLETIN



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New tax rates to take effect on April 1, 2011

Voters in 13 cities in California have approved new transactions (sales) and use taxes (district taxes) that are effective April 1, 2011. The new rates apply only within each city's incorporated limits. The tax rates outside the incorporated city limits will remain the same. In addition, the City of Scotts Valley Transactions and Use Tax (SVGF) will end on March 31, 2011, resulting in a tax rate decrease within the city limits of Scotts Valley.

In Sonoma County, the countywide Sonoma County Open Space Authority (SCOS) 0.25 percent district tax will end on March 31, 2011. On April 1, 2011, the Sonoma County Agricultural Preservation and Open Space District (SAPD) 0.25 percent district tax will take effect. Therefore, the tax rates throughout Sonoma County (*exception*: City of Santa Rosa) will remain the same.

Sales and Use Tax Rates effective April 1, 2011

District Tax Area	County	Rate
City of San Leandro (SLGF/238)	Alameda	10.00%
City of Union City (UCGF/240)	Alameda	10.25%
City of Concord (CNCD/242)	Contra Costa	9.75%
City of El Cerrito (ELCT/244)	Contra Costa	10.25%
City of Placerville (PLST/246)	El Dorado	8.75%
City of Eureka (ERST/248)	Humboldt	9.00%
City of Santa Monica (STMA/250)	Los Angeles	10.25%
City of South El Monte (SEMT/252)	Los Angeles	10.25%
City of Novato (NOVT/254)	Marin	9.50%
City of Marina (MRNA/255)	Monterey	9.25%
City of Tracy (TRCY/257)	San Joaquin	9.25%
City of Scotts Valley (SVGF/216)	Santa Cruz	9.00%
City of Santa Rosa (SRGF/264)	Sonoma	9.50%
County of Sonoma (SAPD/259)	Sonoma	9.00%*
City of Wheatland (WTLD/265)	Yuba	8.75%

*Rate is higher in the following County of Sonoma cities, which have additional district taxes (*note*: new codes): Sebastopol (260), Cotati (261), Rohnert Park (262), and Santa Rosa (264).

Do you need assistance determining whether an address is within city limits?

Some cities have developed a database to help you identify addresses located within special taxing jurisdictions. In cooperation with these cities, our website contains links to their address databases (www.boe.ca.gov/sutax/cityaddresses.htm). If you have questions about the addresses, you should contact the cities directly.

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Our website also includes a link to a free sales and use tax rate locator (www.geotax.com) that allows you to determine a tax rate for any address in the state. We provide the GeoTax link only as a public service. We do not maintain the website and are not responsible for the content or accuracy of the information shown on that site.

For More Information

The City and County Tax Rates page (www.boe.ca.gov/sutax/pam71.htm) on our website contains additional information regarding tax rates and district taxes. For a complete listing of California tax rates, you may also refer to [publication 71](#), *California City and County Sales and Use Tax Rates*. For information on district taxes, please refer to [publication 44](#), *District Taxes*, and [publication 105](#), *District Taxes and Delivered Sales*. You can download or order copies of the publications from our website.

Visit the BOE website—it could save you a trip to a field office!

The BOE's extensive website provides forms, publications, regulations, reports, tax news, meeting agendas, and special features for taxpayers, local governments, and the general public. In 2009, following a professional website usability study including user testing, the website underwent a complete facelift and restructuring of its navigation. As a result, the redesigned site is more user-friendly, with navigation tabs and links designed to correspond to real-world customer situations such as starting a business or reporting fraud. The redesigned site continues to receive very positive feedback from BOE customers.

Popular among the website's features are numerous video-based tutorials which guide taxpayers through various forms, transactions, and procedures—it's like having BOE employees personally guide you through the process. Several of these videos and tutorials are available in languages such as Spanish, Chinese, Korean, and Vietnamese.

In 2010, we added "Web 2.0" features to the site, including a BOE Twitter feed, BOE how-to and public service videos hosted on YouTube, as well as several new apps for mobile devices, including a BOE District Office locator, a tax-rate finder, and an Account Number validator.

The site also provides a full video feed of BOE's monthly Board meetings streamed live. Archived streams of past Board meetings are also available. Statistics show that these streams are viewed by several hundred customers each month.

Given the wealth of tax information and taxpayer resources at your fingertips, the BOE Internet site at www.boe.ca.gov is the first place you should visit when it's time to contact or do business with the BOE. Often, a trip to the BOE website can save you a trip to a BOE field office or a lengthy phone call.

New online payment method now available

The BOE has expanded its eServices to include a new method of payment called ePay. Payments can be made via ePay for current and past due taxes and fees using the Automated Clearing House Debit (ACH Debit) process. An ACH Debit is a method of payment that allows you to transfer funds by authorizing the state to electronically debit your bank account using the bank routing number and account number.

Some types of payments that can be submitted by ACH Debit include taxes and fees due with returns or prepayment forms (whether efiled or filed on paper), and liabilities that have been billed by the BOE such as an audit liability.

For more information or to make a payment using ePay, visit the BOE's website at www.boe.ca.gov.

Fee on past due liabilities

On October 19, 2010, Senate Bill 858 (Chapter 721, Statutes 2010) was signed into law and requires the BOE to assess a fee on past due liabilities. The fee is intended to cover costs incurred in obtaining payment of past due liabilities and it applies to most taxes and fees collected by the BOE. Each liability of greater than \$250 that remains unpaid for more than 90 days will be subject to the fee. For calendar year 2011, the fee amounts will range from \$185 to \$925 based on the dollar amount of each past due liability as identified below.

Fee Amounts

Effective January 1, 2011

Liability Amount	Fee Amount
\$250.01 - \$2,000.00	\$185
\$2,000.01 - \$50,000.00	\$550
\$50,000.01 and greater	\$925

Taxpayers can avoid the fee by either paying their liability in full or entering into an installment payment agreement prior to the fee being assessed. Taxpayers that qualify for and enter into an installment payment agreement must fulfill the terms of the agreement and pay their liability in full to avoid the fee.

Employee meals

Many restaurant operators, employers, or employee organizations that are in the business of selling meals—for example, a restaurant, hotel, club, or association—furnish their employees with meals and drinks.

Generally, if an employer furnishes a meal to an employee and makes a specific charge for the meal, the charge for the meal is part of gross receipts and subject to tax. A specific charge is made if one or more of the following conditions exist:

- The employee pays cash for the meal.
- The value of the meal is deducted from the employee's wages.
- The employee receives meals instead of cash to bring compensation up to the legal minimum wage. (The employee meal is credited as part of the minimum wage.)
- The employee has the option to receive cash for meals not consumed.

If the employer furnishes a meal to an employee and none of the above conditions are present, the meal is considered to have been provided on a complimentary basis and the meal will be treated in the same manner as the employer's self-consumption; the measure of tax is generally based on the cost of the nonfood product items only, such as carbonated (nonfountain) beverages and alcoholic drinks.

Employers should keep a written record of their policy regarding employee meals and drinks. There are several good reasons for this, namely:

- Ownership controls over business operations are greatly improved.
- Recordkeeping may help verify that the employer is the consumer of meals given to employees.
- These records support the amounts reported on returns, thus avoiding the use of estimates.
- The records can provide the basis for allowances during sales and use tax audits.

The types of records may vary from memo sales slips prepared at the time of furnishing meals or drinks, to a record maintained on a daily basis. Be sure to keep all records that show your computations.

For further information, please refer to [Regulation 1603](#), *Taxable Sales of Food Products*, or [publication 22](#), *Dining and Beverage Industry*. Recordkeeping requirements are explained in [Regulation 1698](#), *Records*.

Special printing aids

Special printing aids are reusable manufacturing aids which are used by a printer during the printing process and are specific to a particular customer. Special printing aids include electrotypes, stereotypes, photoengravings, silk screens, steel dies, cutting dies, lithographic plates, film, single color or multicolor separation negatives, and flats.

The practice of this industry is that printers and their customers usually do intend that the customers obtain the right to possession and control of the special printing aids. Unless the printer makes a specific statement on the invoice indicating that ownership of special printing aids does not transfer to the customer prior to their use, the printer is presumed to be the retailer of special printing aids. Verbiage on the invoice such as: "Special printing aids are not being sold to the customer as part of the sale of the printed matter, and the selling price of the printed matter does not include the transfer of title to the special printing aids" would provide sufficient documentation.

As retailers, printers may issue resale certificates for their purchases of special printing aids. Please note, when a printer sells special printing aids along with a nontaxable sale of printed matter, the printer is making a taxable retail sale of the special printing aids unless the special printing aids are sold for resale or to the U.S. government.

For example: A printer prints a custom logo on containers (box or carton) in which merchandise is placed for resale, (such as a box in which lipstick is placed) for a manufacturer located outside California. The printer bills only for the number of printed containers, which is a nontaxable sale for resale. The printer does not include a specific statement on the invoice stating that ownership of the special printing aids does *not* transfer to the customer prior to their use. Therefore, the printer's sale of the special printing aids is *not* a sale for resale and is taxable since title of the aids passes to the customer prior to use and are used for the print job. Tax will apply to the selling price of special printing aids even though they may subsequently be shipped outside this state. The selling price of the

special printing aids in this situation is deemed to be the selling price of the aids or their components to the printer. If the printer has paid tax on their purchase of the special printing aids or the cost of their components, no additional tax is due and the printer does not need to charge tax reimbursement to their customer.

For more information about how tax applies to special printing aids, see [Regulation 1541](#), *Printing and Related Arts*. For examples of sales transactions and a method for reporting special printing aid liability using a percentage, see Sales and Use Tax Audit Manual, [Chapter 11](#), *Advertising Agencies, Graphic Artists, Printers, and Related Enterprises*.

The fuel tax swap update

Effective July 1, 2011, the state sales and use tax rate on sales and purchases of diesel fuel will increase by 1.75 percent. At the same time, the state excise tax on diesel fuel will decrease by 4.4 cents per gallon to 13.6 cents per gallon, offsetting the increase in the sales and use tax rates. The overall selling price of diesel fuel should remain the same.

If you sell diesel fuel at wholesale or at retail, you will be affected by the tax rate changes. When you collect tax reimbursement from your customers on sales of diesel fuel, you will need to charge tax at the new sales tax rate and keep track of diesel fuel sales in order to report the sales at the higher rate. If you are a wholesaler, you may also be responsible for collecting the prepaid sales tax on the sales of diesel fuel to retailers. Effective July 1, 2011, the prepayment rate on diesel fuel sales will also change. The BOE will provide notification when the new prepayment rate has been determined.

Some provisions of the fuel tax swap legislation may be affected by Proposition 26, *Supermajority Vote Needed to Pass New Taxes and Fees*. The BOE will provide updates as events unfold.

For more information, please visit our website.

Civil behavior in trying times

We know that you may find yourself frustrated with the difficulties of the tax law or pressed for time when dealing with our staff. Still, we ask that you treat our employees just as you would like to be treated in a business situation. Any statement or gesture made to a BOE employee that seems remotely like a threat—even a statement made in jest—will be referred to our Internal Security and Audit Division for investigation.

Ethics at work—“thank you” is enough

We’d like to remind you that BOE policy generally prevents our employees from accepting gifts of any type. So if you’re grateful to someone for going the extra mile to help you with a complicated issue, a simple “thank you” will do. You can also use our online Customer Service Survey form at www.boe.ca.gov/info/survey.htm to express yourself.

More articles available online!

There are occasions when we have more articles than we have space for in this print version of the *Tax Information Bulletin*. The additional articles are available online at www.boe.ca.gov/news/tib11.htm. This issue’s supplemental articles are: Special taxes and fees news, Gas tax swap update, Cadmium in children’s jewelry, and new and revised publications June-December 2010.

For More Information

All telephone numbers are toll-free.

Internet

www.boe.ca.gov
www.taxes.ca.gov

Taxpayer Information Section

800-400-7115 (TTY: 711)

Requests for Fax Copies

800-400-7115

(Choose automated services)

Seller’s Permit Verification

888-225-5263

www.boe.ca.gov

Taxpayers’ Rights Advocate

888-324-2798

www.boe.ca.gov

Tax Evasion Hotline

888-334-3300

State Legislation

www.leginfo.ca.gov/bilinfo.html